

Message Text

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ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-01

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 XMB-02

OPIC-03 LAB-04 SIL-01 /101 W
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R 190752Z FEB 75

FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 283
INFO AMEMBASSY ANKARA
AMEMBASSY BEIRUT
AMEMBASSY ISLAMABAD
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
USMISSION OECD PARIS
USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: EFIN,IR, IMF

SUBJECT: NEW IRANIAN COMMITMENT TO IMF OIL FACILITY

1. ACCORDING TO OFFICIALS BOTH IN MINISTRY OF ECONOMICS AND
FINANCE AND CENTRAL BANK OF IRAN, VISIT DURING FIRST WEEK OF
FEBRUARY OF INTERNATIONAL MONETARY FUND TEAM OF FIVE EXPERTS
HEADED BY MANAGING DIRECTOR WITTEVEEN RESULTED IN IRANIAN
COMMITMENT FROM CENTRAL BANK RESERVES OF \$1 BILLION FOR IMF
OIL FACILITY DURING 1975. DR. SHAHPUR SHIRAZI, DIRECTOR-
GENERAL OF CENTRAL BANK'S INTERNATIONAL AFFAIRS DEPARTMENT, SAID
IRANIAN LOAN WILL BE HANDLED IN ROUGHLY THE SAME MANNER AS EARLIER
\$700 MILLION COMMITMENT TO IMF OIL FACILITY. TERMS HAVE NOT AS YET

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BEEN NEGOTIATED, BUT INTEREST RATE IS EXPECTED TO BE 7.25 PER CENT
AND REPAYMENT OVER SEVEN-YEAR PERIOD.

2. COMMENT: IRANIANS SEEM TO HAVE RESOLVED PROBLEM OF NOT WISHING TO EXCEED \$9 BILLION FIFTH PLAN CEILING ON NEW FOREIGN COMMITMENTS BY TAKING ADDITIONAL MONEY FOR IMF FROM FOREIGN EXCHANGE RESERVES RATHER THAN FROM GOI BUDGET. UP UNTIL NOW ALMOST ALL OF FOREIGN EXCHANGE RESERVES HAVE BEEN KEPT IN SHORT TERM EURO-DOLLAR DEPOSITS. MOVE REPRESENTS SIGNIFICANT POLICY SHIFT TO PLACING LARGE PORTION OF RESERVES IN LONGER TERM INSTRUMENT, WHILE AT SAME TIME MAKING SIZABLE EFFORT TO RECYCLE PETRO-DOLLARS. AS OF FEBRUARY 18, NEW COMMITMENT TO IMF STILL HAS NOT BEEN PUBLICIZED.

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Message Attributes

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